

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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October 27, 2004

Robert N. Werlin, Esq.
John K. Habib, Esq.
Keegan, Werlin & Pabian LLP
265 Franklin Street
Boston, MA 02110
FOR: Commonwealth Electric Company d/b/a NSTAR Electric

RE: Department's First Set of Information Requests to Commonwealth Electric Company
NSTAR/Dartmouth Power PPA Termination Agreement - D.T.E. 04-78

Dear Messrs. Werlin and Habib:

Enclosed please find the Department of Telecommunications and Energy's First Set of Information Requests to Commonwealth Electric Company in the above-referenced proceeding. Please provide the requested answers by November 4, 2004. If you have any questions on this request, please contact me at (617) 305-3613.

Sincerely,

/s/

Joan Foster Evans
Hearing Officer

cc. Mary L. Cottrell, Secretary
Service List
Staff as assigned

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**FIRST SET OF INFORMATION REQUESTS
D.T.E. 04-78**

Pursuant to 220 C.M.R. § 1.06 (6)(c), the Department of Telecommunications and Energy ("Department") submits to Commonwealth Electric Company ("Commonwealth" or "Company") the following Information Requests.

I. Instructions

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate three-hole punched page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Please do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or their witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting workpapers.
5. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If the Company finds that any one of these requests is ambiguous, please notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. If a question refers to an Information Request of another party, please provide that response and answer with information that supplements the previous response.

8. Please serve a copy of the responses on Mary L. Cottrell, Secretary of the Department; also submit two (2) copies of the responses to Joan Foster Evans, Hearing Officer, and one copy each to Sean Hanley, Steven Crowley, Thomas Carey, and Jeff Hall of the Rates and Revenue Requirements Division, and Robert Harrold, Boris Shapiro, and Marilyn Ross of the Electric Power Division.

II. Information Requests

- IR-DTE-1-1 Have any disputes emerged regarding the choice of the Dartmouth contract auction winner?
- IR-DTE-1-2 Refer to Exh. NSTAR-RBH at 18, lines 10-13. Please explain how Dartmouth was involved in the auction process. Provide copies of all communication between CEA, NSTAR and Dartmouth relating to the auction and the termination of the Dartmouth contracts.
- IR-DTE-1-3 Refer to Exh. NSTAR-RBH-6, pages 1-5. Please provide a working electronic copy in Excel format with the formulas contained in the cells as well as all supporting documentation.
- IR-DTE-1-4 Refer to Exh. NSTAR-RBH at 21- 22. Please provide in Excel Format the re-pricing scenarios submitted by Bidder A and Bidder B as well as the “counterparty” bids “disaggregate(d)...into several components that would allow for a side-by-side comparison of bids” showing that the Dartmouth bid was the lowest viable bid.
- IR-DTE-1-5 Refer to Exh. NSTAR-RBH at 18, lines 18-20. Please provide the analysis that CEA performed that “separately valued each PPA Entitlement to determine the total cost for the energy and capacity over the term of the agreement”.
- IR-DTE-1-6 Refer to Exh. NSTAR-RBH-5. Please provide a working electronic copy in Excel format with the formulas contained in the cells as well as all supporting documentation.
- IR-DTE-1-7 Refer to Exh. NSTAR-RBH at 16 line 16, to 17 line 6, which refers to two pricing options included in the PPA Entitlement Bid Form. Please confirm which pricing option NSTAR used in its D.T.E. 04-78 calculations, and explain why the Company chose that particular pricing option. Provide prices bid by Bidder B, C, and D under both options.
- IR-DTE-1-8 On what date did each of the bidders make their initial bid for the contracts? On what date did each of the bidders make their final bid for the contracts?
- IR-DTE 1-9 Refer to Exh. NSTAR-GOL-2, at 1, line 5. Please explain why the estimated tax savings arising from the buyout and make whole tax deduction must be present valued. In addition, provide a detailed calculation of the present value amount found on line 5.

- IR-DTE 1-10 Refer to Exh. NSTAR-GOL-2, at 1, line 7. Please explain why the estimated income tax payments associated with the recovery of securitization principle must be present valued. In addition, provide a detailed calculation of the present value amount found on line 7.
- IR-DTE 1-11 Refer to Exh. NSTAR-GOL at 20-21. Please provide any revisions to the Company's filing which would be necessary assuming that Federal tax payments are made on a quarterly basis, on April 15, June 15, and September 15.
- IR-DTE 1-12 Refer to Exh. NSTAR-GOL at 27. Please provide the workpapers, calculations, formulas, assumptions, and supporting documentation used to arrive at savings of \$30 million.
- IR-DTE 1-13 Refer to Exh. NSTAR-GOL at 12. Please provide a hard copy and, if available, an electronic copy in Excel format with the formulas contained in the cells, Exh. COM-JFL-3 (Supp) from D.T.E. 03-118.
- IR-DTE 1-14 Refer to Exh. NSTAR-GOL at 13. Please provide a hard copy and if available, an electronic copy in Excel format with the formulas contained in the cells, Exh. COM-JFL-6 (Supp) from D.T.E. 03-118.
- IR-DTE 1-15 Refer to Exh. NSTAR-GOL at 13. The Company stated that it would allocate the consulting and legal costs for the 2003 Auction based on the savings by contract. Please explain in detail how the allocation will be made and identify whether the allocation factor is based on gross savings or the net present value of the savings.
- IR-DTE-1-16 Refer to Exh. NSTAR-GOL at 13. Please provide a projection of the consulting and legal costs to be incurred by the Company to conduct the 2003 Auction and the Dartmouth Termination Agreement. Will these costs reduce the estimated \$30 million in savings to ratepayers? Please provide all supplemental workpapers and calculations.
- IR-DTE-1-17 Refer to Exh. NSTAR-COM-GOL-2. Based on a discount rate of 8.2 percent, \$84.4 million in savings, and a net present value of \$29.6 million, please identify the number of years used for discounting. Provide all supporting calculations and workpapers.
- IR-DTE-1-18 Refer to Exh. NSTAR-COM-GOL-3, at 6. Please explain the basis for the forecast of transition costs for the last seven months of 2004.
- IR-DTE-1-19 Refer to Exh. NSTAR-COM-GOL-3, at 1, Column B. Please provide the GWH delivered for the years 1998 through 2002.

- IR-DTE-1-20 Please provide electronic copies of Exhs. NSTAR-COM-GOL-2, NSTAR-COM-GOL-3, and NSTAR-COM-GOL-4 in Excel format with the formulas contained in the cells. Please provide electronic copies of any supporting workpapers and data for the above exhibits in Excel format with the formulas contained in the cells.
- IR-DTE-1-21 Do any of the corrections made to the initial filings in D.T.E. 04-60, D.T.E. 04-61, or D.T.E. 04-68 affect the customer savings analyses filed in D.T.E. 04-78? If yes, (1) please describe each correction and explain how it impacts the savings analyses in this proceeding, and (2) provide corrected copies of the exhibits.
- IR-DTE-1-22 Refer to Exh. NSTAR-GOL at 14. Please explain why it is necessary to present value the Company's cash flows related to the buyout and securitization in determining the amount to be securitized.
- IR-DTE-1-23 Refer to Exh. NSTAR-GOL at 15-16. Please identify how much of the make whole payments related to the Dartmouth buyout have been included in the MASSPOWER buyout. Explain the Company's reasons for treating the make whole payments in this manner.
- IR-DTE-1-23 Refer to Exh. NSTAR-GOL at 16. Please identify how much of the "other costs" related to the Dartmouth buyout have been included in the MASSPOWER buyout. Explain the Company's reasons for treating the "other costs" in this manner.